

**CITY OF HOLLADAY**

**FINANCIAL STATEMENTS, SUPPLEMENTARY  
INFORMATION AND REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**JUNE 30, 2005**

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# OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council  
City of Holladay

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Holladay (the City) as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Holladay as of June 30, 2005, and the respective changes in financial position and budgetary comparison, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Holladay's basic financial statements. The combining nonmajor fund financial statements, individual fund schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Osborne Robbins & Bakker PLLC*

October 26, 2005

**City of Holladay  
Management's Discussion and Analysis  
Year Ended June 30, 2005**

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As management of City of Holladay (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. Please read it in conjunction with the City's financial statements which begin on page 11.

**Financial Highlights**

- The assets of Holladay City exceeded its liabilities at the close of the most recent fiscal year by \$13,238,781 (*net assets*). Of this amount, \$8,108,979 (*unrestricted net assets*) may be used to meet the City's ongoing operations.
- The total net assets of \$13,238,781 are made up of \$3,902,119 in capital assets net of related debt and \$9,336,662 in other net assets.
- The City's governmental funds reported combined fund balances of \$9,314,796. Of this amount \$4,413,225 (47.4%) is available for spending at the government's discretion (*unreserved fund balance*).
- The City's general fund balance decreased by \$790,192 during the current fiscal year. This was due largely to a transfer of \$1,700,000 to the capital projects fund
- Fund balance in the capital projects fund increased by \$4,632,758 during the current fiscal year due primarily to the issuance of bonds, less the capital expenditures paid out of the bond proceeds.
- This was the first year that the City reported two new funds, a debt service and a special revenue fund for the City's Redevelopment Agency.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and

**City of Holladay**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2005**

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charges (business-type activities). The governmental activities of the City include general government, public safety, community development, streets and highways, parks, recreation and culture. The City has no business-type activities during the year ended June 30, 2005.

The government-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are categorized as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-31 of this report.

**Other information.** Combining and individual fund statements and schedules can be found on pages 33-39 of this report.

**City of Holladay  
Management's Discussion and Analysis  
Year Ended June 30, 2005**

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**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$13,238,781 at the close of the most recent year (\$10,981,002 as of June 30, 2004.)

Approximately 29.5% (27.3% at June 30, 2004) of the City's net assets reflects its investment in capital assets (e.g. land, improvements, machinery, equipment, vehicles, and infrastructure assets); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. .

**CITY OF HOLLADAY  
NET ASSETS**

	<u>2005</u>	<u>2004</u>
Current and other assets	\$13,783,398	\$ 8,407,780
Capital assets	<u>11,438,231</u>	<u>2,997,999</u>
Total assets	<u>25,221,629</u>	<u>11,405,779</u>
Long-term liabilities outstanding	11,224,871	15,000
Other liabilities	<u>757,977</u>	<u>409,777</u>
Total liabilities	<u>11,982,848</u>	<u>424,777</u>
Net assets:		
Invested in capital assets, net of related debt	3,902,119	2,997,999
Restricted	1,227,683	668,217
Unrestricted	<u>8,108,979</u>	<u>7,314,786</u>
Total net assets	<u>\$13,238,781</u>	<u>\$10,981,002</u>

A portion of the City's net assets (9.3% in 2005 and 6.1 % in 2004) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$8,108,979 in 2005 and \$7,459,786 in 2004) may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Holladay  
Management's Discussion and Analysis  
Year Ended June 30, 2005**

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**Governmental activities.**

During 2005 the City issued bonds for the first time. The City also entered into an agreement to purchase real estate under a contract payable in several years. Consequently, for the first time, the City reported interest expense in its statement of activities.

**CITY OF HOLLADAY  
CHANGES IN NET ASSETS**

	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,284,430	\$ 1,052,806
Operating grants and contributions	718,243	786,640
Capital grants and contributions	30,000	-
General revenues:		
Property taxes	3,988,537	3,255,540
Other taxes	3,486,596	3,114,409
Other	249,692	117,033
Total revenues	<u>9,757,498</u>	<u>8,326,428</u>
Expenses:		
General government	1,860,522	1,641,630
Public safety	3,814,126	3,553,076
Community development	676,827	515,196
Streets and highways	604,309	1,219,695
Parks, recreation, and culture	224,042	59,200
Interest on long-term debt	319,893	-
Total expenses	<u>7,499,719</u>	<u>6,988,797</u>
Change in net assets	2,257,779	1,337,631
Net assets, beginning	<u>10,981,002</u>	<u>9,643,371</u>
Net assets, ending	<u>\$13,238,781</u>	<u>\$10,981,002</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**City of Holladay  
Management's Discussion and Analysis  
Year Ended June 30, 2005**

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As of the end of the 2005 fiscal year, the City's governmental funds reported combined ending fund balance of \$9,314,796 (\$4,704,348 in 2004). \$4,413,225 or 47.4% (\$4,181,131 and 88.9% in 2004) of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts of the prior period, 2) to pay debt service, 3) to pay capital improvements commitments, 4) or for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At the end of the 2005 fiscal year, fund balance of the general fund was \$1,485,360, all of which was unreserved (\$2,275,552 in 2004). As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved and total fund balance represents 21.0% of total general fund expenditures (33.9% in 2004). The decrease from the prior year was due, primarily to a \$1,700,000 transfer out to the capital projects fund to provide resources for various capital improvement projects.

At the end of fiscal year 2005, the capital projects fund has a total fund balance of \$7,061,554 (\$2,428,796 in 2004), which consists of \$3,001,051 in unreserved fund balance, and \$4,060,503 in reserved fund balance. The increase from 2004 is due to the following:

- The aforementioned transfer from the general fund
- An excise tax revenue bond, accounting for most of the reserved fund balance, was issued to acquire and construct certain facilities.

**General Fund Budgetary Highlights**

During the fiscal year, the General Fund's budget was amended from an original budget expenditure total of \$6,734,728 to a final budget of \$7,315,320, an increase of \$580,592. This increase can be briefly summarized as follows:

- \$135,950 in General Government activities for legislative lobbyists, court expenditures and other professional services
- \$10,642 in Public Safety expenditures for miscellaneous expenditures.
- \$426,000 in Community Development expenditures for additional building inspection costs and economic development personnel expenditures.
- \$8,000 in Parks, Recreation and Culture expenditures to provide for the expenditures associated with the City's Summerdaze celebration.

All of this increase was to be funded from available fund balance.

Actual expenditures in the General Fund were less than the amended budget by \$242,479, with positive variances in all departments.

**City of Holladay**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2005**

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**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets as of June 30, 2005 amounts to \$11,438,231, net of accumulated depreciation (\$2,997,999 in 2004). This investment in capital assets includes land, buildings and structures, improvements including infrastructure, machinery, equipment, vehicles, and office furniture and equipment.

Major capital asset events during the current fiscal year include the following:

- Land acquisition – \$3,100,000 to acquire land for a future park and open-space project.
- Building acquisition - \$4,200,000 to acquire the former Holladay Elementary School, to be used for the City's administrative offices, courts, Sheriff's office and other City departments.
- Improvements and infrastructure – Several sidewalk projects, curb and gutter projects and storm sewer projects were completed during the year at a cost of approximately \$760,000.

**City of Holladay**  
**Capital Assets**  
(net of depreciation)

	2005	2004
Land	\$ 5,535,000	\$2,125,000
Construction in progress	-	15,488
Buildings and structures	4,143,041	
Improvements, including infrastructure	1,616,180	731,201
Machinery, equipment, and vehicles	62,433	31,249
Office furniture and equipment	81,577	95,061
Total	<u>\$11,438,231</u>	<u>\$2,997,999</u>

Additional information on the City's capital assets can be found in Note E on pages 25-26 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,400,000, all of which is excise debt which is secured by sales tax revenues. During the year the City also entered into a contract payable in the amount of \$3,100,000, secured by real estate.

The City's total debt increased by \$11,518,041 during the current year. The key factors in this increase were the \$8,400,000 bond issue and the contract payable of \$3,100,000.

The City has no bond rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$67,775,835 and the City currently has no general obligation debt.

Additional information on the City's long-term debt can be found in Note F on pages 26-27 of this report.

**City of Holladay  
Management's Discussion and Analysis  
Year Ended June 30, 2005**

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**Economic Factors and Next Year's Budgets and Rates**

- The City has recently completed another major annexation which increased the City's population by approximately 6,000. The need for additional services related to public safety and streets and highway maintenance is continuing to be evaluated.
- During the coming fiscal year, the City will be involved in the completion of the remodeling of the former Holladay Elementary School which the City acquired in 2005. This project is anticipated to cost approximately \$2.5 million. The facility will house the City's administrative offices, court and other development staff. It will also house the portion of the Salt Lake County Sheriff's department that serves the City. The expected completion date for this project is May of 2006.
- The coming fiscal year will also see work begin on the Holladay Village Center. The site is already owned by the City and is in a redevelopment area.
- During 2005 the City entered into an agreement to purchase acreage in the area of Holladay Boulevard and 6200 South. This acreage will be developed into a park and during the coming fiscal year, the City will be gathering public input about the design of the new park.

All of these factors were considered in preparing the City's budget for the 2006 fiscal year. The 2006 budget is balanced without the need of a property tax increase.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Randy Fitts, City Manager, 4707 South Holladay, Utah 84117.

**BASIC FINANCIAL STATEMENTS**

**CITY OF HOLLADAY**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
CASH AND CASH EQUIVALENTS	\$ 3,780,199
RECEIVABLES (NET)	
TAXES	4,369,965
INTERGOVERNMENTAL	203,118
OTHER	13,170
SPECIAL ASSESSMENT	30,829
BOND ISSUE COSTS (NET)	154,358
RESTRICTED ASSETS	
CASH AND CASH EQUIVALENTS	5,086,759
INTERGOVERNMENTAL RECEIVABLES	145,000
NON-DEPRECIABLE CAPITAL ASSETS	5,535,000
DEPRECIABLE CAPITAL ASSETS, NET	5,903,231
<b>TOTAL ASSETS</b>	<b>25,221,629</b>
<b>LIABILITIES</b>	
ACCOUNTS PAYABLE	36,976
ACCRUED LIABILITIES	44,841
ACCRUED INTEREST PAYABLE	156,357
DEPOSITS - PAYABLE FROM RESTRICTED ASSETS	185,188
NON-CURRENT LIABILITIES	
DUE WITHIN ONE YEAR	334,615
DUE IN MORE THAN ONE YEAR	
COMPENSATED ABSENCES	14,871
CONTRACTS PAYABLE	3,100,000
BONDS PAYABLE	8,110,000
<b>TOTAL LIABILITIES</b>	<b>11,982,848</b>
<b>NET ASSETS</b>	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	3,902,119
RESTRICTED FOR	
DEBT SERVICE	841,068
CAPITAL IMPROVEMENTS	386,615
UNRESTRICTED	8,108,979
<b>TOTAL NET ASSETS</b>	<b>\$ 13,238,781</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HOLLADAY  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

FOR THE YEAR ENDED JUNE 30, 2005					
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES NET ASSETS GOVERNMENTAL ACTIVITIES (TOTAL)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES					
GENERAL GOVERNMENT	\$ 1,860,522	\$ 429,295	\$ -	\$ -	\$ (1,431,227)
PUBLIC SAFETY	3,814,126	-	59,127	-	(3,754,999)
COMMUNITY DEVELOPMENT	676,827	724,660	-	-	47,833
STREETS AND HIGHWAYS	604,309	120,022	659,116	30,000	204,829
PARKS, RECREAION AND CULTURE	224,042	10,453	-	-	(213,589)
INTEREST ON LONG-TERM DEBT	319,893	-	-	-	(319,893)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7,499,719	\$ 1,284,430	\$ 718,243	\$ 30,000	\$ (5,467,046)

GENERAL REVENUES:

PROPERTY TAXES LEVIED FOR GENERAL PURPOSES	3,988,537
SALES TAXES LEVIED FOR GENERAL PURPOSES	2,658,074
FRANCHISE TAXES	538,862
TRANSIENT ROOM TAX	33,287
MOTOR VEHICLE FEES IN LIEU	256,373
INVESTMENT EARNINGS	170,902
OTHER	78,790
TOTAL GENERAL REVENUES	7,724,825
CHANGE IN NET ASSETS	2,257,779
NET ASSETS AT BEGINNING OF YEAR	10,981,002
NET ASSETS AT END OF YEAR	\$ 13,238,781

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HOLLADAY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

ASSETS	GENERAL	CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND INVESTMENTS	\$ 777,079	\$ 3,003,120	\$ -	\$ 3,780,199
RECEIVABLES				
TAXES	4,369,965	-	-	4,369,965
INTERGOVERNMENTAL	203,118	-	-	203,118
OTHER	13,170	-	-	13,170
SPECIAL ASSESSMENT	30,829	-	-	30,829
DUE FROM OTHER FUNDS	73,186	-	-	73,186
RESTRICTED ASSETS				
CASH AND INVESTMENTS	185,188	4,060,503	841,068	5,086,759
INTERGOVERNMENTAL RECEIVABLES	145,000	-	-	145,000
<b>TOTAL ASSETS</b>	<b>\$ 5,797,535</b>	<b>\$ 7,063,623</b>	<b>\$ 841,068</b>	<b>\$ 13,702,226</b>
LIABILITIES				
ACCOUNTS PAYABLE	\$ 34,907	\$ 2,069	\$ -	\$ 36,976
ACCRUED LIABILITIES	44,841	-	-	44,841
DUE TO OTHER FUNDS	-	-	73,186	73,186
PAYABLE FROM RESTRICTED ASSETS/ DEPOSITS	185,188	-	-	185,188
DEFERRED REVENUE	4,047,239	-	-	4,047,239
<b>TOTAL LIABILITIES</b>	<b>4,312,175</b>	<b>2,069</b>	<b>73,186</b>	<b>4,387,430</b>
FUND BALANCES				
RESERVED FOR DEBT SERVICE	-	-	841,068	841,068
RESERVED FOR CAPITAL IMPROVEMENTS	-	4,060,503	-	4,060,503
UNRESERVED	1,485,360	3,001,051	-	4,486,411
UNRESERVED, REPORTED IN: SPECIAL REVENUE FUND	-	-	(73,186)	(73,186)
<b>TOTAL FUND BALANCES</b>	<b>1,485,360</b>	<b>7,061,554</b>	<b>767,882</b>	<b>9,314,796</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,797,535</b>	<b>\$ 7,063,623</b>	<b>\$ 841,068</b>	<b>\$ 13,702,226</b>

CITY OF HOLLADAY  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET LIABILITIES OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2005

TOTAL GOVERNMENTAL FUND BALANCES	\$ 9,314,796
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS	11,438,231
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND THEREFORE ARE DEFERRED IN THE FUNDS	154,358
LONG-TERM LIABILITIES, INCLUDING BONDS AND CONTRACTS PAYABLE AND COMPENSATED ABSENCES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(11,559,486)
PROPERTY TAXES AND CERTAIN GOVERNMENTAL REVENUES THAT ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES ARE DEFERRED IN THE FUNDS	4,047,239
INTEREST PAYABLE ON LONG-TERM OBLIGATIONS DOES NOT REQUIRE CURRENT FINANCIAL RESOURCES AND IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(156,357)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 13,238,781</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HOLLADAY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

CITY OF HOLLADAY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

REVENUES	GENERAL	CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
TAXES	\$ 5,884,411	\$ 739,000	\$ 155,412	\$ 6,778,823
LICENSES, FEES AND PERMITS	678,985	32,184	-	711,169
INTERGOVERNMENTAL	704,202	44,041	-	748,243
CHARGES FOR SERVICES	94,889	-	-	94,889
FINES AND FORFEITURES	429,295	-	-	429,295
MISCELLANEOUS	97,037	-	-	97,037
INTEREST ON INVESTMENTS	93,830	72,960	4,112	170,902
TOTAL REVENUES	7,982,649	888,185	159,524	9,030,358
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT	1,560,004	-	-	1,560,004
PUBLIC SAFETY	3,808,871	-	-	3,808,871
COMMUNITY DEVELOPMENT	599,250	-	73,186	672,436
STREETS AND HIGHWAYS	942,668	-	-	942,668
PARKS, RECREATION AND CULTURE	162,048	-	-	162,048
OTHER	-	162,482	-	162,482
CAPITAL OUTLAY	-	8,455,989	-	8,455,989
DEBT SERVICE	-	-	-	-
PRINCIPAL	-	-	-	-
INTEREST AND FISCAL CHARGES	-	-	155,412	155,412
TOTAL EXPENDITURES	7,072,841	8,618,471	228,598	15,919,910
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	909,808	(7,730,286)	(69,074)	(6,889,552)
OTHER FINANCING SOURCES (USES)				
BOND AND NOTE PROCEEDS	-	11,500,000	-	11,500,000
TRANSFERS IN	-	1,700,000	836,956	2,536,956
TRANSFERS OUT	(1,700,000)	(836,956)	-	(2,536,956)
TOTAL OTHER FINANCING SOURCES (USES)	(1,700,000)	12,363,044	836,956	11,500,000
NET CHANGE IN FUND BALANCE	(790,192)	4,632,758	767,882	4,610,448
FUND BALANCE AT BEGINNING OF YEAR	2,275,552	2,428,796	-	4,704,348
FUND BALANCE AT END OF YEAR	\$ 1,485,360	\$ 7,061,554	\$ 767,882	\$ 9,314,796

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,610,448
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES WHILE GOVERNMENTAL ACTIVITIES REPORT DEPRECIATION EXPENSE TO ALLOCATE THOSE EXPENDITURES OVER THE LIFE OF THE ASSETS:	
CAPITAL ASSET PURCHASES CAPITALIZED	8,599,316
DEPRECIATION EXPENSE	(159,085)
SOME PROPERTY TAX REVENUES AND SPECIAL ASSESSMENT REVENUES ARE NOT CONSIDERED "AVAILABLE" IN THE GOVERNMENTAL FUNDS	727,140
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES, SUCH AS COMPENSATED ABSENCES, AND INTEREST, DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED AS EXPENDITURES IN THE GOVERN- MENTAL FUNDS	(174,398)
PROCEEDS FROM DEBT ISSUES ARE AN OTHER FINANCING SOURCE IN THE FUNDS, BUT A DEBT ISSUE INCREASES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS	(11,500,000)
GOVERNMENTAL FUNDS REPORT BOND ISSUE COSTS AS EXPENDITURES, WHILE GOVERNMENTAL ACTIVITIES AMORTIZE THOSE COSTS OVER THE LIFE OF THE BONDS	
BOND ISSUE COSTS CAPITALIZED	162,482
AMORTIZATION EXPENSE	(8,124)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 2,257,779

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES	\$ 5,431,000	\$ 5,267,000	\$ 5,884,411	\$ 617,411
LICENSES, FEES AND PERMITS	455,000	455,000	678,985	223,985
INTERGOVERNMENTAL	855,400	855,400	704,202	(151,198)
CHARGES FOR SERVICE	50,000	50,000	94,889	44,889
FINES AND FORFEITURES	325,000	325,000	429,295	104,295
MISCELLANEOUS	86,000	134,859	97,037	(37,822)
INTEREST ON INVESTMENTS	62,000	62,000	93,830	31,830
TOTAL REVENUES	7,264,400	7,149,259	7,982,649	833,390
EXPENDITURES				
GENERAL GOVERNMENT	1,456,098	1,592,048	1,560,004	32,044
PUBLIC SAFETY	3,798,230	3,808,872	3,808,871	1
COMMUNITY DEVELOPMENT	280,900	706,900	599,250	107,650
STREETS AND HIGHWAYS	1,003,000	1,003,000	942,668	60,332
PARKS, RECREATION AND CULTURE	196,500	204,500	162,048	42,452
TOTAL EXPENDITURES	6,734,728	7,315,320	7,072,841	242,479
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	529,672	(166,061)	909,808	1,075,869
OTHER FINANCING USES				
TRANSFERS OUT	(299,922)	(1,773,186)	(1,700,000)	73,186
TOTAL OTHER FINANCING USES	(299,922)	(1,773,186)	(1,700,000)	73,186
NET CHANGE IN FUND BALANCE	229,750	(1,939,247)	(790,192)	1,149,055
FUND BALANCE AT BEGINNING OF YEAR	2,275,552	2,275,552	2,275,552	-
FUND BALANCE AT END OF YEAR	\$ 2,505,302	\$ 336,305	\$ 1,485,360	\$ 1,149,055

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

## **CITY OF HOLLADAY**

**JUNE 30, 2005**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

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#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City was incorporated under the laws of the State of Utah in November 1999 and operates under an elected Council-Manager form of government. The City's major operations include police and fire protection, parks, public works, community development and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

#### **Reporting Entity**

These financial statements present the City (primary government) and its component units, organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legal separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City.

The City's only blended component unit is the Holladay City Redevelopment Agency (RDA). The RDA serves all the citizens of the City and is governed by a board comprised of the City Council. In conformity with generally accepted accounting principles, the financial statements of the RDA have been included in the financial reporting entity as a special revenue fund. The RDA has a June 30 year end. Separate financial statements are not issued for the RDA.

The City did not have any other component units as of June 30, 2005.

#### **Basic Financial Statements – Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks, streets, community development and general administrative services are classified as governmental activities. The City has no business-type activities as of June 30, 2005.

The government-wide Statement of Net Assets is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

## CITY OF HOLLADAY

JUNE 30, 2005

### NOTES TO BASIC FINANCIAL STATEMENTS

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, community development, streets, etc.). The functions are also supported by general government revenues (property, sales and franchise taxes, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property, sales and franchise taxes, etc.).

The City does not allocate indirect expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

#### **Basic Financial Statements – Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate.

The only fund types used by the City are governmental funds.

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income.

The following is a description of the governmental funds of the City:

- **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounting for in another fund.
- **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

## CITY OF HOLLADAY

JUNE 30, 2005

### NOTES TO BASIC FINANCIAL STATEMENTS

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

##### **Basis of Accounting**

Basis of accounting refers to the point at which revenues and expenditures, or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

##### *Accrual*

The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

##### *Modified Accrual*

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under this basis, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

##### **Cash and cash equivalents**

The City has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agents and short-term investments with original maturity of three months or less from the date of acquisition.

##### **Restricted cash and cash equivalents**

Certain restricted cash and cash equivalents are held for acquisition and construction of capital projects, for debt service, and for bonds payable to developers.

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Capital assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on these assets is computed using the straight-line method over their estimated useful lives as follows:

	Years
Buildings and Structures	40
Improvements	15
Infrastructure	30
Machinery, equipment, and vehicles	5-10
Office furniture and equipment	5-10

#### Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is reported on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is reported in the year in which the resources are measurable and become available.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, matching requirements and expenditure requirements. On a modified accrual basis, revenue from a nonexchange transaction must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: intergovernmental revenue, sales and franchise taxes, charges for services, interest, and other fees.

Property taxes are measurable and susceptible to accrual when they attach as an enforceable lien on the property. They become available when they are due. Amounts that are measurable but not available are recorded as deferred revenue. Property taxes become an enforceable lien on January 1 but are not due until November 30.

## CITY OF HOLLADAY

JUNE 30, 2005

### NOTES TO BASIC FINANCIAL STATEMENTS

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### **Compensated Absences**

Accumulated unpaid leave is accrued as incurred based on the years of service for each employee. Time off with pay is accumulated on a monthly basis and is fully vested when earned. Accumulated time off with pay cannot exceed 240 hours at the end of any fiscal year and any time off with pay in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued time off with pay is paid to the beneficiary. Governmental funds report an expenditure as the vacation is paid or at termination. The current portion is determined by the City to be the portion of vacation pay due employees who terminated prior to year-end.

The noncurrent portion of these amounts (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

##### **Interfund Activity**

Interfund activity is reported as either loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and, in the government-wide statement of activities, reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

##### **Fund Equity Reserves**

*Fund balance* – in the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated for a specific purpose.

*Restricted net assets* – in the government wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

##### **Estimates and assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

##### **Bond issue costs**

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method.

## CITY OF HOLLADAY

JUNE 30, 2005

### NOTES TO BASIC FINANCIAL STATEMENTS

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### **Deferred revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

##### **Budgets and budgetary control**

Annual budgets are prepared and adopted, in accordance with state law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund and the Capital Projects Fund. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established by activity and purpose within an individual fund. Each department head is responsible to the Mayor and City Council for spending within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unrestricted General Fund balance until it exceeds 5% of the General Fund revenues. Until unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held to increase total appropriations of any governmental fund. With the consent of the City Manager, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgetary information included in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund and the Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE B – DEPOSITS AND INVESTMENTS

The City's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

#### Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the City at June 30, 2005 were \$261,327, \$61,327 of which was exposed to custodial credit risk as uninsured and uncollateralized.

#### Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing

Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The City's investments at June 30, 2005 are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
Utah Public Treasurer's Investment Fund	\$8,605,631	\$8,605,631	\$ -	\$ -	\$ -

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

#### Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The City's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

#### Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The City's rated debt investments are presented below:

<u><b>Rated Debt Investments</b></u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$8,605,631	\$ -	\$ -	\$ -	\$8,605,631

#### Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

All of the City's investments at June 30, 2005 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

#### Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

## CITY OF HOLLADAY

JUNE 30, 2005

### NOTES TO BASIC FINANCIAL STATEMENTS

#### NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

All of the City's investments at June 30, 2005 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

#### NOTE C – EXTERNAL INVESTMENT POOL

The City invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2005) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2005, the City had \$8,605,631 invested in the PTIF which had a fair value of \$8,606,957 for a gain of \$1,326. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

Investment Type	Investment Percentage
Corporate bonds and notes	56.61%
Money Markets and Certificates of deposit	9.39%
U.S. Government securities	34.00%
	<u>100.00%</u>

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE D – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consists of the following at June 30, 2005:

Unrestricted – expended prior to June 30, 2005

Class C Road revenues due from the State of Utah for the quarter ended June 30, 2005

\$203,118

Restricted

Flood control revenues due from Salt Lake County. In lieu of paying the City the amount, the County will perform work on flood control projects for the City. As such, the City has recorded this amount as deferred revenue until the time the work is performed by the County.

\$145,000

### NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 is as follows:

	July 1, 2004	Increases	Decreases	June 30, 2005
<b>Governmental Activities:</b>				
Nondepreciable capital assets:				
Land	\$2,125,000	\$3,410,000	\$ -	\$5,535,000
Construction in progress	15,488	-	15,488	-
Total nondepreciable capital assets	<u>\$2,140,488</u>	<u>\$3,410,000</u>	<u>\$15,488</u>	<u>\$5,535,000</u>
Depreciable capital assets:				
Buildings and structures	\$ -	\$4,200,000	\$ -	\$4,200,000
Improvements, including infrastructure	818,670	934,020	-	1,752,690
Machinery, equipment and vehicles	48,703	46,179	-	94,882
Office furniture and equipment	338,011	24,606	-	362,617
Total depreciable capital assets at historical cost	<u>1,205,384</u>	<u>5,204,805</u>	<u>-</u>	<u>6,410,189</u>
Less accumulated depreciation:				
Buildings and structures	-	56,959	-	56,959
Improvements, including infrastructure	87,469	49,041	-	136,510
Machinery, equipment and vehicles	17,454	14,995	-	32,449
Office furniture and equipment	242,950	38,090	-	281,040
Total accumulated depreciation	<u>347,873</u>	<u>159,085</u>	<u>-</u>	<u>506,958</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 857,511</u>	<u>\$5,045,720</u>	<u>\$ -</u>	<u>\$5,903,231</u>

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE E – CAPITAL ASSETS – CONTINUED

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 99,169
Public safety	5,255
Community development	6,891
Streets and highways, including infrastructure	26,419
Parks, recreation and culture	21,351
	<u>\$159,085</u>

### NOTE F – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2005:

#### Governmental activities

##### 2004 Excise Tax Revenue Bonds

\$8,400,000 excise tax term bonds due December 1, 2009 with  
interest at 3.85% \$ 8,400,000

##### Contracts payable

\$3,100,000 contract payable on or before October 1, 2001 with  
interest payable annually at 5%, secured by real property 3,100,000

##### Compensated absences

59,486

Total Governmental activities long-term debt

\$11,559,486

The following is a summary of the changes in governmental activities long-term debt for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Amounts due in 2006
Excise Tax Bonds	\$ -	\$8,400,000	\$ -	\$8,400,000	\$ 290,000
Contracts payable	-	3,100,000	-	3,100,000	-
Compensated absences	41,445	43,020	24,979	59,486	44,615
	<u>\$ 41,445</u>	<u>\$11,543,020</u>	<u>\$24,979</u>	<u>\$11,559,486</u>	<u>\$334,615</u>

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE F – LONG-TERM DEBT – CONTINUED

As of June 30, 2005, annual debt service requirements to maturity of governmental activities are as follows:

Year ending June 30,	Excise Tax Revenue Bonds		Contracts Payable	
	Principal	Interest	Principal	Interest
2006	\$ 290,000	\$ 317,818	\$ -	\$ 161,700
2007	295,000	306,557	-	161,700
2008	310,000	294,909	-	161,700
2009	320,000	282,782	-	161,700
2010	335,000	270,173	-	161,700
2011-2015	1,865,000	1,144,313	3,100,000	323,400
2016-2020	2,260,000	748,437	-	-
2021-2025	2,725,000	269,980	-	-
	<u>\$8,400,000</u>	<u>\$3,634,959</u>	<u>\$3,100,000</u>	<u>\$1,131,900</u>

### NOTE G - RETIREMENT PLANS

Plan Description - The City contributes to the Local Governmental Noncontributory Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Government Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy - In the Local Governmental Noncontributory Retirement System the City is required to contribute 11.09 of plan members' annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

## CITY OF HOLLADAY

JUNE 30, 2005

### NOTES TO BASIC FINANCIAL STATEMENTS

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#### NOTE G – RETIREMENT PLANS - CONTINUED

The City contributions to the Local Governmental Noncontributory Retirement System for the years ended June 30, 2005, 2004 and 2003 were \$64,628, \$48,036, and \$42,579, respectively. The contributions were equal to the required contributions for the period.

#### NOTE H - DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems under the Internal Revenue Code Section 401(k) for City employees covered by the State's noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City's total payroll for the year ended June 30, 2005, was \$673,465. Of that amount, \$582,760 was eligible to participate in the plan. The City participates at rates between 0% and 3.26% depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the year ended June 30, 2005, contributions totaling \$28,375 were made to the plan by employees and \$37,752 by the City.

#### NOTE I – COMMITMENTS

The City has entered into contracts with Salt Lake County for various services including police protection and public works. The contracts of approximately \$3,430,000 for these services expire June 30, 2006.

The City has also entered into a cooperative agreement with several other cities and Salt Lake County to create a governmental entity known as the United Fire Authority (the Authority) to provide for fire and paramedic services for the member cities and the County. The City's estimated share of the operating costs of the Authority for operations from July 1, 2005 through June 30, 2006, is approximately \$1,495,000.

The City has also entered into a contract with the City of South Salt Lake for animal control services. The contract calls for annual payments of \$89,375 and expires June 30, 2006.

The City had approximately \$2,475,000 of outstanding construction commitments at June 30, 2005.

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE J – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all of these risks of loss except natural disasters. There were no decreases in coverage during 2004. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Claims information for the past two years is as follows:

	2005	2004
Claims liability, July 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	-	-
Payments on claims during the year		
Payments made by insurance	-	-
Coinsurance and deductible insurance payments made by the City	-	-
Claims liability, June 30,	<u>\$ -</u>	<u>\$ -</u>

### NOTE K - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2005, are as follows:

Due To Other Funds	Due From Other Funds	Amount
Nonmajor governmental fund Redevelopment Agency	General Fund	<u>\$73,186</u>

The interfund receivable/payable is related to operating funds temporarily loaned from the general fund to the Redevelopment Agency.

# CITY OF HOLLADAY

JUNE 30, 2005

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE L - INTERFUND TRANSFERS

A summary of interfund transfers by fund is as follows:

	In	Out
Major Funds:		
General Fund	\$ -	\$ 1,700,000
Capital Projects Fund	1,700,000	836,956
Nonmajor governmental funds	836,956	-
	<u>\$2,536,956</u>	<u>\$2,536,956</u>

### NOTE M - EXPENDITURES EXCEEDING APPROPRIATIONS

During the year ended June 30, 2005, the City incurred expenditures in excess of appropriations in land and building acquisition expenditures and transfers out (the legal level of budgetary control) of the Capital Projects Fund by \$2,415,156 and \$55,163, respectively. These over expenditures were funded by the issuance of a contract payable and by use of fund balance in the Capital Projects Fund.

### NOTE N - DEFICIT NET ASSETS

The Redevelopment Agency (a nonmajor governmental fund) experienced an operational deficit situation during the year ended June 30, 2005, showing a deficit fund balance of \$73,186 at June 30, 2005.

## CITY OF HOLLADAY

JUNE 30, 2005

### NOTES TO BASIC FINANCIAL STATEMENTS

#### NOTE O - REDEVELOPMENT AGENCY OF THE CITY OF HOLLADAY

The City of Holladay Redevelopment Agency was created in 2005 to increase and develop the commercial growth in a central area of the City, known as the Village Center Project Area and in a second area known as the Olympus Economic Development Project Area. Redevelopment activity did not begin until after June 30, 2005, with the first tax increment anticipated in 2006.

For the year ended June 30, 2005, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project areas	<u>\$ -</u>
Outstanding loans to finance RDA projects	<u>\$ 73,186</u>
Amounts expended for the acquisition of property	\$ -
Tax increments paid to other taxing agencies	-
Amounts expended for site improvements and preparation costs	-
Amounts expended for administrative costs	<u>73,186</u>
	<u>\$ 73,186</u>
Amounts expended for installation of public utilities and other public improvements	<u>\$ -</u>

## **COMBINING FINANCIAL STATEMENTS**

### **NONMAJOR GOVERNMENTAL FUNDS**

#### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

City of Holladay Redevelopment Agency – This fund is used to account for the economic development of certain project areas in the City, including the collection of tax increment funds.

#### **Debt Service Funds**

Debt service funds are used to account for long-term principal and interest obligations of the General and Special Revenue Funds.

Debt Service Fund – This fund is used to account for the accumulation of funds restricted for debt service and for the payment of that debt service.

CITY OF HOLLADAY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2005

	REDEVELOPMENT AGENCY	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>			
CASH AND INVESTMENTS	\$ -	\$ -	\$ -
RESTRICTED CASH AND INVESTMENTS	-	841,068	841,068
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 841,068</u>	<u>\$ 841,068</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
DUE TO OTHER FUNDS	\$ 73,186	\$ -	73,186
ACCOUNTS PAYABLE	-	-	-
TOTAL LIABILITIES	<u>73,186</u>	<u>-</u>	<u>73,186</u>
<b>FUND BALANCE (DEFICIT)</b>			
RESERVED FOR DEBT SERVICE	-	841,068	841,068
UNRESERVED	(73,186)	-	(73,186)
TOTAL FUND BALANCE (DEFICIT)	<u>(73,186)</u>	<u>841,068</u>	<u>767,882</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 841,068</u>	<u>\$ 841,068</u>

HOLLADAY CITY  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	REDEVELOPMENT AGENCY	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
TAXES	\$ -	\$ 155,412	\$ 155,412
MISCELLANEOUS REVENUE			
OTHER	-	-	-
INTEREST ON INVESTMENTS		4,112	4,112
TOTAL REVENUES	-	159,524	159,524
EXPENDITURES			
CURRENT			
COMMUNITY DEVELOPMENT	73,186	-	73,186
DEBT SERVICE			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	155,412	155,412
TOTAL EXPENDITURES	73,186	155,412	228,598
EXCESS OF REVENUES OVER EXPENDITURES	(73,186)	4,112	(69,074)
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN	-	836,956	836,956
TRANSFERS OUT	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	836,956	836,956
NET CHANGE IN FUND BALANCE	(73,186)	841,068	767,882
FUND BALANCE AT BEGINNING OF YEAR	-	-	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (73,186)	\$ 841,068	\$ 767,882

## **SUPPLEMENTARY INDIVIDUAL FUND SCHEDULES**

### **General Fund and Capital Projects Fund**

These supplementary schedules are included to provide management with additional information for financial analysis.

CITY OF HOLLADAY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005  
(WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2004)

	2005			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2004
	BUDGETED AMOUNTS				
	ORIGINAL	FINAL	ACTUAL		ACTUAL
REVENUES					
TAXES					
PROPERTY TAXES	\$ 3,500,000	\$ 3,336,000	\$ 3,292,227	\$ (43,773)	\$ 2,752,089
FEES IN LIEU OF TAXES	200,000	200,000	256,373	56,373	248,850
GENERAL SALES TAX	1,661,000	1,661,000	1,763,662	102,662	2,671,985
TRANSIENT ROOM TAX	25,000	25,000	33,287	8,287	30,308
FRANCHISE TAX	45,000	45,000	538,862	493,862	163,266
TOTALS	5,431,000	5,267,000	5,884,411	617,411	5,866,498
LICENSES, FEES AND PERMITS					
BUSINESS AND ANIMAL LICENSES	205,000	205,000	179,236	(25,764)	210,007
BUILDING PERMITS	250,000	250,000	499,749	249,749	382,477
TOTALS	455,000	455,000	678,985	223,985	592,484
INTERGOVERNMENTAL REVENUE					
CLASS "C" ROAD FUNDS	800,000	800,000	659,116	(140,884)	776,716
OTHER GRANTS	55,400	55,400	45,086	(10,314)	9,924
TOTALS	855,400	855,400	704,202	(151,198)	786,640
CHARGES FOR SERVICE					
LAND USE FEES	45,000	45,000	69,527	24,527	53,850
OTHER SERVICE REVENUE	5,000	5,000	25,362	20,362	-
TOTALS	50,000	50,000	94,889	44,889	53,850
FINES AND FORFEITURES					
COURTS FINES AND FORFEITURES	325,000	325,000	429,295	104,295	373,287
MISCELLANEOUS REVENUE					
MISCELLANEOUS	86,000	134,859	97,037	(37,822)	21,700
INTEREST ON INVESTMENTS	62,000	62,000	93,830	31,830	74,233
TOTALS	148,000	196,859	190,867	(5,992)	95,933
TOTAL REVENUES	7,264,400	7,149,259	7,982,649	833,390	7,768,692

CONTINUED

CITY OF HOLLADAY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005  
(WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2004)

FOR THE YEAR ENDED JUNE 30, 2005					
	2005				2004
	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL	ACTUAL		ACTUAL
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT</b>					
<b>COURT</b>					
PERSONNEL	196,150	196,150	202,747	(6,597)	185,934
OPERATIONS AND MAINTENANCE	121,200	138,700	140,009	(1,309)	122,498
CAPITAL	-	-	-	-	-
TOTAL	317,350	334,850	342,756	(7,906)	308,432
<b>ADMINISTRATIVE</b>					
PERSONNEL	334,546	334,546	331,338	3,208	219,131
OPERATIONS AND MAINTENANCE	416,050	468,050	490,592	(22,542)	641,362
CAPITAL	7,000	7,000	7,191	(191)	28,643
TOTAL	757,596	809,596	829,121	(19,525)	889,136
<b>TREASURY</b>					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	5,950	5,950	6,019	(69)	4,919
CAPITAL	-	-	-	-	-
TOTAL	5,950	5,950	6,019	(69)	4,919
<b>MAYORAL</b>					
PERSONNEL	72,964	72,964	69,608	3,356	81,609
OPERATIONS AND MAINTENANCE	-	2,400	1,925	475	3,095
CAPITAL	-	-	-	-	1,673
TOTAL	72,964	75,364	71,533	3,831	86,377
<b>LEGISLATIVE</b>					
PERSONNEL	69,000	69,000	76,480	(7,480)	68,969
OPERATIONS AND MAINTENANCE	61,238	125,288	116,557	8,731	69,040
CAPITAL	-	-	-	-	-
TOTAL	130,238	194,288	193,037	1,251	138,009
<b>FACILITIES MAINTENANCE</b>					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	172,000	172,000	117,538	54,462	152,812
CAPITAL	-	-	-	-	-
TOTAL	172,000	172,000	117,538	54,462	152,812
TOTAL GENERAL GOVERNMENT	1,456,098	1,592,048	1,560,004	32,044	1,579,685
<b>PUBLIC SAFETY</b>					
<b>POLICE</b>					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	2,284,600	2,291,151	2,291,151	-	2,169,156
CAPITAL	-	-	-	-	-
TOTAL	2,284,600	2,291,151	2,291,151	-	2,169,156
<b>FIRE</b>					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	1,442,130	1,446,221	1,446,221	-	1,316,037
CAPITAL	-	-	-	-	-
TOTAL	1,442,130	1,446,221	1,446,221	-	1,316,037
<b>ANIMAL CONTROL</b>					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	71,500	71,500	71,499	1	65,000
CAPITAL	-	-	-	-	-
TOTAL	71,500	71,500	71,499	1	65,000
TOTAL PUBLIC SAFETY	3,798,230	3,808,872	3,808,871	1	3,550,193

CONTINUED

CITY OF HOLLADAY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005  
(WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2004)

FOR THE YEAR ENDED 2005/2006					
			2005		2004
			VARIANCE WITH		
			FINAL BUDGET		
BUDGETED AMOUNTS				POSITIVE	
ORIGINAL	FINAL	ACTUAL	(NEGATIVE)	ACTUAL	
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	8,200	8,200	6,470	1,730	5,666
CAPITAL	-	-	-	-	-
TOTAL	8,200	8,200	6,470	1,730	5,666
INSPECTIONS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	151,500	376,500	295,868	80,632	205,575
CAPITAL	-	-	-	-	-
TOTAL	151,500	376,500	295,868	80,632	205,575
ECONOMIC DEVELOPMENT					
PERSONNEL	56,200	253,200	258,845	(5,645)	252,011
OPERATIONS AND MAINTENANCE	62,500	66,500	35,567	30,933	64,938
CAPITAL	2,500	2,500	2,500	-	-
TOTAL	121,200	322,200	296,912	25,288	316,949
TOTAL COMMUNITY DEVELOPMENT	280,900	706,900	599,250	107,650	528,190
STREETS AND HIGHWAYS					
STREETS AND PUBLIC IMPROVEMENTS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	1,003,000	1,003,000	942,668	60,332	983,014
CAPITAL	-	-	-	-	-
TOTAL STREETS AND HIGHWAYS	1,003,000	1,003,000	942,668	60,332	983,014
PARKS, RECREATION AND CULTURE					
PARKS					
PERSONNEL	-	-	-	-	-
OPERATION AND MAINTENANCE	43,000	43,500	41,183	2,317	-
CAPITAL	-	-	-	-	-
TOTAL	43,000	43,500	41,183	2,317	-
COMMUNITY ARTS AND EVENTS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	153,500	161,000	120,865	40,135	59,200
CAPITAL	-	-	-	-	-
TOTAL	153,500	161,000	120,865	40,135	59,200
TOTAL PARKS, RECREATION AND CULTURE	196,500	204,500	162,048	42,452	59,200
TOTAL EXPENDITURES	6,734,728	7,315,320	7,072,841	242,479	6,700,282
EXCESS OF REVENUES OVER EXPENDITURES					
	529,672	(166,061)	909,808	1,075,869	1,068,410
OTHER FINANCING USES					
TRANSFERS OUT	(299,922)	(1,773,186)	(1,700,000)	73,186	(104,448)
TOTAL OTHER FINANCING USES	(299,922)	(1,773,186)	(1,700,000)	73,186	(104,448)
NET CHANGE IN FUND BALANCE	229,750	(1,939,247)	(790,192)	1,149,055	963,962
FUND BALANCE AT BEGINNING OF YEAR	2,275,552	2,275,552	2,275,552	-	1,311,590
FUND BALANCE AT END OF YEAR	\$ 2,505,302	\$ 336,305	\$ 1,485,360	\$ 1,149,055	\$ 2,275,552

CITY OF HOLLADAY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2005  
(WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2004)

	2005				2004
	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL	ACTUAL		ACTUAL
REVENUES					
TAXES					
SALES TAX	\$ 739,000	\$ 739,000	\$ 739,000	\$ -	\$ 488,883
LICENSES, FEES AND PERMITS					
IMPACT FEES	10,000	10,000	32,184	22,184	26,415
INTERGOVERNMENTAL					
OTHER GRANTS	248,700	248,700	44,041	(204,659)	-
MISCELLANEOUS REVENUE					
OTHER	1,650,000				
INTEREST ON INVESTMENTS	15,000	15,000	72,960	57,960	27,868
TOTAL REVENUES	2,662,700	1,012,700	888,185	(124,515)	543,166
EXPENDITURES					
CURRENT					
OTHER	-	162,482	162,482	-	-
CAPITAL OUTLAY					
PARK IMPROVEMENTS	293,000	475,000	31,124	443,876	73,347
STORM DRAIN IMPROVEMENTS	800,000	600,000	184,586	415,414	275,923
STREETS IMPROVEMENTS	644,932	787,932	381,535	406,397	156,040
LAND AND BUILDING ACQUISITION	1,300,000	5,352,650	7,767,806	(2,415,156)	1,655,901
OTHER	548,700	423,700	90,938	332,762	-
TOTAL CAPITAL OUTLAY	3,586,632	7,639,282	8,455,989	(816,707)	2,161,211
TOTAL EXPENDITURES	3,586,632	7,801,764	8,618,471	(816,707)	2,161,211
EXCESS OF REVENUES OVER EXPENDITURES	(923,932)	(6,789,064)	(7,730,286)	(941,222)	(1,618,045)
OTHER FINANCING SOURCES (USES)					
BONDS AND CONTRACT PROCEEDS	-	8,400,000	11,500,000	3,100,000	-
TRANSFERS IN	299,922	1,700,000	1,700,000	-	-
TRANSFERS OUT	-	(781,793)	(836,956)	(55,163)	104,448
TOTAL OTHER FINANCING SOURCES (USES)	299,922	9,318,207	12,363,044	3,044,837	104,448
NET CHANGE IN FUND BALANCE	(624,010)	2,529,143	4,632,758	2,103,615	(1,513,597)
FUND BALANCE AT BEGINNING OF YEAR	2,428,796	2,428,796	2,428,796	-	3,942,393
FUND BALANCE AT END OF YEAR	\$ 1,804,786	\$ 4,957,939	\$ 7,061,554	\$ 2,103,615	\$ 2,428,796

STATISTICAL TABLES

Table 1

**City of Holladay**  
**General Governmental Expenditures and Other Uses by Function (1)**  
**Inception to June 30, 2005**

Fiscal Year	General Government	Public Safety	Community Development	Streets and Highways	Parks, Recreation and Culture	Other and Transfers	Total
2000 (2)	\$ 585,804	\$ 1,198,079	\$ 188,294	\$ 381,708	\$ 13,113	\$ -	\$2,366,998
2001	737,121	2,163,160	408,034	768,289	31,563	747,157	4,855,324
2002	1,175,230	2,404,022	427,408	571,420	24,534	2,305,491	6,908,105
2003	1,429,885	2,798,150	507,926	942,143	32,390	410,779	6,121,273
2004	1,579,685	3,550,193	528,190	983,014	59,200	104,448	6,804,730
2005	1,560,004	3,808,871	599,250	942,668	162,048	1,700,000	8,772,841

(1) Includes the General Fund only

(2) Represents the period from inception (November 1999) to June 30, 2000

Table 2

**City of Holladay**  
**General Governmental Revenues and Other Financing Sources (1)**  
**Inception to June 30, 2005**

Fiscal Year	Taxes	Licenses Fees & Permits	Inter- Government	Charges for Services	Fines and Forfeitures	Interest and Miscellaneous	Total
2000 (2)	\$ 1,712,811	\$ 952,166	\$ 429,780	\$ 6,480	\$ -	\$ 12,918	\$3,114,155
2001	4,742,530	377,743	497,328	34,574	-	132,429	5,784,604
2002	4,770,739	433,247	493,093	30,315	299,771	85,716	6,112,881
2003	4,966,817	527,999	609,928	65,497	305,110	76,299	6,551,650
2004	5,866,498	592,484	786,640	53,850	373,287	95,933	7,768,692
2005	5,884,441	678,985	704,202	94,889	429,295	190,867	7,982,679

(1) Includes General Fund only.

(2) Represents the period from inception (November 1999) to June 30, 2000

Table 3

**City of Holladay**  
**Tax Revenues by Source (1)**  
**Inception to June 30, 2005**

Fiscal Year	General Property Tax	Fees in Lieu of Personal Property Tax	General Use and Sales Tax	Transient Room Tax	Franchise Tax	Total
2000 (2)	\$ 186,092	\$ 176,706	\$ 1,307,352	\$ 15,022	\$ 27,639	\$ 1,712,811
2001	2,339,831	107,750	2,226,704	27,498	40,747	4,742,530
2002	2,316,368	153,032	2,212,459	17,752	71,128	4,770,739
2003	2,221,570	197,561	2,415,165	31,325	101,196	4,966,817
2004	2,752,089	248,850	2,671,985	30,308	163,266	5,866,498
2005	3,292,227	256,373	1,763,662	33,287	538,862	5,884,411

(1) Includes General Fund only.

(2) Represents the period from inception (November 1999) to June 30, 2000

**REPORTS ON COMPLIANCE AND INTERNAL  
CONTROL OVER FINANCIAL REPORTING**

# OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council  
City of Holladay

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Holladay (the City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 26, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the City in a separate letter dated October 26, 2005.

This report is intended solely for the information and use of the City Council, management, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Osborne Robbins & Buhler PLLC*

October 26, 2005

# OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE LEGAL COMPLIANCE IN ACCORDANCE WITH STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

Honorable Mayor and Members of the City Council  
City of Holladay

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Holladay (the City), for the year ended June 30, 2005, and have issued our report thereon dated October 26, 2005. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds	(Department of Transportation)
Liquor Law Enforcement	(State Tax Commission)

The City did not receive any nonmajor State grants during the year ended June 30, 2005.

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Other General Issues
Cash Management	Budgetary Compliance
Purchasing Requirements	Justice Courts Compliance
B & C Road Funds	Liquor Law Enforcement
Truth in Taxation & Property Tax	Uniform Building Code Standards
Limitations	Impact Fees
Asset Forfeiture	

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City of Holladay complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

*Osborne Robbins & Bailey PLLC*

October 26, 2005